

Supplementary Materials for
Consolidated Financial Results for
the 3rd Quarter of Fiscal Year 2020. 12 (IFRS)

Innovation all for the patients



CHUGAI PHARMACEUTICAL CO., LTD.

Roche A member of the Roche group

- Notes: 1. Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual results may materially differ from these forecasts due to potential risks and uncertainties.
2. Amounts shown in this report are rounded to the nearest 0.1 billion yen. Variance and % are calculated based on the amounts shown.
3. Exchange rates used for each period are as follows.

QTR

(Yen)

		Actual*				Actual*			
		FY2019				FY2020			
		1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
		QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
CHF		110.52	109.66	108.89	109.82	112.61	111.54	115.39	
EUR		125.17	123.53	119.35	120.35	120.19	118.35	124.06	
USD		110.18	109.96	107.33	108.72	109.02	107.53	106.16	
SGD		81.32	80.66	78.05	79.75	78.72	76.15	77.23	

*Market average exchange rate

YTD

	Actual* FY2018	Actual* FY2019				Actual* FY2020				Assumption FY2020	
		1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9		1-12
		Full-year	YTD	YTD	YTD	Full-year	YTD	YTD	YTD		Full-year
CHF	112.92	110.52	110.09	109.69	109.72	112.61	112.07	113.14	110.00		
EUR	130.36	125.17	124.34	122.66	122.08	120.19	119.27	120.80	121.00		
USD	110.45	110.18	110.07	109.15	109.05	109.02	108.28	107.57	107.00		
SGD	81.87	81.32	80.99	80.00	79.94	78.72	77.42	77.36	80.00		

*Market average exchange rate

Period-end

	Actual FY2018	Actual FY2019				Actual FY2020				
		31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.
CHF	112.03	111.11	110.39	108.93	112.31	112.49	113.07	114.92		
EUR	126.13	124.15	122.56	118.07	121.93	119.13	120.93	124.08		
USD	110.28	110.64	107.80	107.94	108.88	107.83	107.57	105.66		
SGD	80.70	81.56	79.64	78.12	80.72	75.73	77.18	77.19		

Reconciliation of IFRS results to Core results

(Billions of yen)

	FY2019				FY2020			
	1-9				1-9			
	IFRS results	Intangible assets	Others	Core results	IFRS results	Intangible assets	Others	Core results
Revenues	508.9	-	-	508.9	576.5	-	-	576.5
Sales	440.5	-	-	440.5	464.8	-	-	464.8
Royalties and other operating income	68.4	-	-	68.4	111.7	-	-	111.7
Cost of sales	(202.0)	0.7	-	(201.3)	(201.2)	0.9	-	(200.3)
Gross profit	306.9	0.7	-	307.5	375.3	0.9	-	376.2
Operating expenses	(146.0)	2.7	6.8	(136.5)	(148.0)	0.2	3.5	(144.3)
Marketing and distribution	(54.4)	-	3.4	(51.0)	(49.8)	-	0.8	(49.0)
Research and development	(76.9)	2.7	2.2	(72.0)	(85.0)	0.2	2.6	(82.2)
General and administration	(14.7)	-	1.2	(13.5)	(13.2)	-	0.1	(13.1)
Operating profit	160.9	3.4	6.8	171.1	227.3	1.1	3.5	231.9
Financing costs	(0.1)	-	-	(0.1)	(0.0)	-	-	(0.0)
Other financial income (expense)	0.0	-	-	0.0	(1.0)	-	-	(1.0)
Other expense	(2.2)	-	-	(2.2)	(1.1)	-	-	(1.1)
Profit before taxes	158.6	3.4	6.8	168.8	225.1	1.1	3.5	229.7
Income taxes	(41.2)	(1.0)	(2.1)	(44.3)	(62.7)	(0.3)	(1.0)	(64.1)
Net income	117.4	2.4	4.7	124.5	162.4	0.8	2.4	165.6
Attributable to								
Chugai shareholders	117.4	2.4	4.7	124.5	162.4	0.8	2.4	165.6
Non-controlling interests	-	-	-	-	-	-	-	-

Core results

Chugai discloses its results on a Core basis from 2013 in conjunction with its transition to IFRS. Core results are the results after adjusting non-recurring items recognized by Chugai to IFRS results, and are consistent with the Core concept disclosed by Roche. Core results are used by Chugai as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results.

The table above shows the reconciliation of IFRS results into Core results. The detail is as below.

Intangible assets

Amortization (0.9 billion yen in 2019 and 1.0 billion yen in 2020)

Impairment (2.5 billion yen in 2019 and 0.1 billion yen in 2020)

Others

Early retirement incentive program (5.1 billion yen in 2019 and none in 2020)

Restructuring expenses (1.7 billion yen in 2019 and 3.4 billion yen in 2020)

Environmental costs (none in 2019 and 0.1 billion yen in 2020)

IFRS results (QTR)

(Billions of yen)

	Actual FY2019				Actual FY2020							
	1-3	4-6	7-9	10-12	1-3	Change	4-6	Change	7-9	Change	10-12	Change
	QTR	QTR	QTR	QTR	QTR	(%)	QTR	(%)	QTR	(%)	QTR	(%)
Revenues	154.3	166.0	188.6	177.3	179.4	+16.3	188.7	+13.7	208.4	+10.5		
Sales	137.7	144.7	158.0	148.4	144.5	+4.9	161.1	+11.3	159.1	+0.7		
Domestic	99.3	110.7	114.4	113.1	101.9	+2.6	102.7	(7.2)	98.6	(13.8)		
Overseas	38.4	34.0	43.6	35.3	42.6	+10.9	58.4	+71.8	60.6	+39.0		
Royalties and other operating income	16.6	21.3	30.5	28.9	34.9	+110.2	27.6	+29.6	49.3	+61.6		
Royalty and profit-sharing income	13.7	16.6	18.5	27.7	26.4	+92.7	27.1	+63.3	35.6	+92.4		
Other operating income	2.9	4.7	12.0	1.1	8.5	+193.1	0.5	(89.4)	13.6	+13.3		
Cost of sales	(63.9)	(64.1)	(74.0)	(64.1)	(61.3)	(4.1)	(70.6)	+10.1	(69.4)	(6.2)		
(% of Sales)	46.4	44.3	46.8	43.2	42.4	-	43.8	-	43.6	-		
Gross profit	90.4	101.9	114.5	113.3	118.2	+30.8	118.1	+15.9	139.0	+21.4		
(% of Revenues)	58.6	61.4	60.7	63.9	65.9	-	62.6	-	66.7	-		
Operating expenses	(44.3)	(53.0)	(48.7)	(63.5)	(45.7)	+3.2	(49.9)	(5.8)	(52.4)	+7.6		
(% of Revenues)	28.7	31.9	25.8	35.8	25.5	-	26.4	-	25.1	-		
Marketing and distribution	(15.4)	(20.4)	(18.6)	(22.8)	(15.8)	+2.6	(17.0)	(16.7)	(17.0)	(8.6)		
(% of Revenues)	10.0	12.3	9.9	12.9	8.8	-	9.0	-	8.2	-		
Research and development	(25.1)	(26.7)	(25.1)	(31.0)	(26.1)	+4.0	(28.8)	+7.9	(30.1)	+19.9		
(% of Revenues)	16.3	16.1	13.3	17.5	14.5	-	15.3	-	14.4	-		
General and administration	(3.7)	(5.9)	(5.1)	(9.7)	(3.9)	+5.4	(4.1)	(30.5)	(5.2)	+2.0		
(% of Revenues)	2.4	3.6	2.7	5.5	2.2	-	2.2	-	2.5	-		
Operating profit	46.1	49.0	65.8	49.7	72.4	+57.0	68.2	+39.2	86.7	+31.8		
(% of Revenues)	29.9	29.5	34.9	28.0	40.4	-	36.1	-	41.6	-		
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0		
Other financial income (expense)	0.2	0.1	(0.3)	0.5	(0.6)	-	0.5	+400.0	(0.8)	+166.7		
Other expense	(0.8)	(0.7)	(0.7)	(0.9)	(0.5)	(37.5)	(0.3)	(57.1)	(0.3)	(57.1)		
Profit before taxes	45.4	48.4	64.8	49.3	71.2	+56.8	68.4	+41.3	85.6	+32.1		
(% of Revenues)	29.4	29.2	34.4	27.8	39.7	-	36.2	-	41.1	-		
Income taxes	(10.4)	(14.1)	(16.7)	(9.2)	(19.7)	+89.4	(17.6)	+24.8	(25.4)	+52.1		
Net income	35.0	34.2	48.1	40.2	51.5	+47.1	50.8	+48.5	60.1	+24.9		
(% of Revenues)	22.7	20.6	25.5	22.7	28.7	-	26.9	-	28.8	-		
Attributable to												
Chugai shareholders	35.0	34.2	48.1	40.2	51.5	+47.1	50.8	+48.5	60.1	+24.9		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-		
Earnings per share												
Basic (yen)	21.34	20.84	29.31	24.45	31.37	+47.0	30.89	+48.2	36.58	+24.8		
Diluted (yen)	21.30	20.81	29.27	24.42	31.33	+47.1	30.85	+48.2	36.55	+24.9		

Other financial income (expense) includes net amount of FX related gains/losses.

Effective July 1, 2020, Chugai Pharmaceutical Co., Ltd. ("Chugai") has implemented a three-for-one stock split of its common stock. "Earnings per share (Basic)" and "Earnings per share (Diluted)" presents the amount after the stock split.

IFRS results (YTD)

(Billions of yen)

	Actual	Actual				Actual							
	FY2018	FY2019				FY2020							
	1-12 YTD	1-3 YTD	1-6 YTD	1-9 YTD	1-12 YTD	1-3 YTD	Change (%)	1-6 YTD	Change (%)	1-9 YTD	Change (%)	1-12 YTD	Change (%)
Revenues	579.8	154.3	320.3	508.9	686.2	179.4	+16.3	368.1	+14.9	576.5	+13.3		
Sales	527.8	137.7	282.4	440.5	588.9	144.5	+4.9	305.7	+8.3	464.8	+5.5		
Domestic	399.9	99.3	210.0	324.4	437.6	101.9	+2.6	204.6	(2.6)	303.2	(6.5)		
Overseas	127.9	38.4	72.4	116.0	151.3	42.6	+10.9	101.0	+39.5	161.6	+39.3		
Royalties and other operating income	51.9	16.6	37.9	68.4	97.3	34.9	+110.2	62.5	+64.9	111.7	+63.3		
Royalty and profit-sharing income	24.1	13.7	30.2	48.8	76.5	26.4	+92.7	53.5	+77.2	89.1	+82.6		
Other operating income	27.9	2.9	7.6	19.6	20.8	8.5	+193.1	9.0	+18.4	22.6	+15.3		
Cost of sales	(262.8)	(63.9)	(128.0)	(202.0)	(266.1)	(61.3)	(4.1)	(131.8)	+3.0	(201.2)	(0.4)		
(% of Sales)	49.8	46.4	45.3	45.9	45.2	42.4	-	43.1	-	43.3	-		
Gross profit	316.9	90.4	192.3	306.9	420.1	118.2	+30.8	236.3	+22.9	375.3	+22.3		
(% of Revenues)	54.7	58.6	60.0	60.3	61.2	65.9	-	64.2	-	65.1	-		
Operating expenses	(192.6)	(44.3)	(97.3)	(146.0)	(209.5)	(45.7)	+3.2	(95.7)	(1.6)	(148.0)	+1.4		
(% of Revenues)	33.2	28.7	30.4	28.7	30.5	25.5	-	26.0	-	25.7	-		
Marketing and distribution	(73.7)	(15.4)	(35.8)	(54.4)	(77.2)	(15.8)	+2.6	(32.8)	(8.4)	(49.8)	(8.5)		
(% of Revenues)	12.7	10.0	11.2	10.7	11.3	8.8	-	8.9	-	8.6	-		
Research and development	(99.2)	(25.1)	(51.8)	(76.9)	(107.9)	(26.1)	+4.0	(54.9)	+6.0	(85.0)	+10.5		
(% of Revenues)	17.1	16.3	16.2	15.1	15.7	14.5	-	14.9	-	14.7	-		
General and administration	(19.7)	(3.7)	(9.6)	(14.7)	(24.4)	(3.9)	+5.4	(8.0)	(16.7)	(13.2)	(10.2)		
(% of Revenues)	3.4	2.4	3.0	2.9	3.6	2.2	-	2.2	-	2.3	-		
Operating profit	124.3	46.1	95.1	160.9	210.6	72.4	+57.0	140.6	+47.8	227.3	+41.3		
(% of Revenues)	21.4	29.9	29.7	31.6	30.7	40.4	-	38.2	-	39.4	-		
Financing costs	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	0.0	(0.0)	(100.0)	(0.0)	(100.0)		
Other financial income (expense)	0.4	0.2	0.3	0.0	0.5	(0.6)	-	(0.2)	-	(1.0)	-		
Other expense	(3.2)	(0.8)	(1.5)	(2.2)	(3.1)	(0.5)	(37.5)	(0.9)	(40.0)	(1.1)	(50.0)		
Profit before taxes	121.4	45.4	93.8	158.6	207.9	71.2	+56.8	139.6	+48.8	225.1	+41.9		
(% of Revenues)	20.9	29.4	29.3	31.2	30.3	39.7	-	37.9	-	39.0	-		
Income taxes	(28.4)	(10.4)	(24.5)	(41.2)	(50.3)	(19.7)	+89.4	(37.3)	+52.2	(62.7)	+52.2		
Net income	93.1	35.0	69.3	117.4	157.6	51.5	+47.1	102.3	+47.6	162.4	+38.3		
(% of Revenues)	16.1	22.7	21.6	23.1	23.0	28.7	-	27.8	-	28.2	-		
Attributable to													
Chugai shareholders	92.5	35.0	69.3	117.4	157.6	51.5	+47.1	102.3	+47.6	162.4	+38.3		
Non-controlling interests	0.6	-	-	-	-	-	-	-	-	-	-		
Earnings per share													
Basic (yen)	56.36	21.34	42.18	71.49	95.95	31.37	+47.0	62.26	+47.6	98.84	+38.3		
Diluted (yen)	56.27	21.30	42.12	71.39	95.81	31.33	+47.1	62.18	+47.6	98.74	+38.3		

Other financial income (expense) includes net amount of FX related gains/losses.

Effective July 1, 2020, Chugai Pharmaceutical Co., Ltd. ("Chugai") has implemented a three-for-one stock split of its common stock.

"Earnings per share (Basic)" and "Earnings per share (Diluted)" presents the amount after the stock split.

Core results (QTR)

(Billions of yen)

	Actual				Actual							
	FY2019				FY2020							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Revenues	154.3	166.0	188.6	177.3	179.4	+16.3	188.7	+13.7	208.4	+10.5		
Sales	137.7	144.7	158.0	148.4	144.5	+4.9	161.1	+11.3	159.1	+0.7		
Domestic	99.3	110.7	114.4	113.1	101.9	+2.6	102.7	(7.2)	98.6	(13.8)		
Overseas	38.4	34.0	43.6	35.3	42.6	+10.9	58.4	+71.8	60.6	+39.0		
Royalties and other operating income	16.6	21.3	30.5	28.9	34.9	+110.2	27.6	+29.6	49.3	+61.6		
Royalty and profit-sharing income	13.7	16.6	18.5	27.7	26.4	+92.7	27.1	+63.3	35.6	+92.4		
Other operating income	2.9	4.7	12.0	1.1	8.5	+193.1	0.5	(89.4)	13.6	+13.3		
Cost of sales	(63.7)	(63.9)	(73.8)	(63.8)	(61.0)	(4.2)	(70.3)	+10.0	(69.1)	(6.4)		
(% of Sales)	46.3	44.2	46.7	43.0	42.2	-	43.6	-	43.4	-		
Gross profit	90.6	102.1	114.8	113.5	118.5	+30.8	118.4	+16.0	139.3	+21.3		
(% of Revenues)	58.7	61.5	60.9	64.0	66.1	-	62.7	-	66.8	-		
Operating expenses	(42.7)	(46.5)	(47.3)	(59.7)	(44.4)	+4.0	(48.8)	+4.9	(51.2)	+8.2		
(% of Revenues)	27.7	28.0	25.1	33.7	24.7	-	25.9	-	24.6	-		
Marketing and distribution	(15.4)	(17.5)	(18.0)	(22.5)	(15.5)	+0.6	(16.8)	(4.0)	(16.7)	(7.2)		
(% of Revenues)	10.0	10.5	9.5	12.7	8.6	-	8.9	-	8.0	-		
Research and development	(23.6)	(24.3)	(24.2)	(30.0)	(25.0)	+5.9	(27.9)	+14.8	(29.3)	+21.1		
(% of Revenues)	15.3	14.6	12.8	16.9	13.9	-	14.8	-	14.1	-		
General and administration	(3.7)	(4.7)	(5.1)	(7.1)	(3.9)	+5.4	(4.1)	(12.8)	(5.2)	+2.0		
(% of Revenues)	2.4	2.8	2.7	4.0	2.2	-	2.2	-	2.5	-		
Operating profit	47.9	55.7	67.5	53.8	74.1	+54.7	69.7	+25.1	88.2	+30.7		
(% of Revenues)	31.0	33.6	35.8	30.3	41.3	-	36.9	-	42.3	-		
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0		
Other financial income (expense)	0.2	0.1	(0.3)	0.5	(0.6)	-	0.5	+400.0	(0.8)	+166.7		
Other expense	(0.8)	(0.7)	(0.7)	(0.9)	(0.5)	(37.5)	(0.3)	(57.1)	(0.3)	(57.1)		
Profit before taxes	47.2	55.1	66.5	53.4	72.9	+54.4	69.8	+26.7	87.0	+30.8		
(% of Revenues)	30.6	33.2	35.3	30.1	40.6	-	37.0	-	41.7	-		
Income taxes	(10.9)	(16.2)	(17.2)	(10.3)	(20.2)	+85.3	(18.0)	+11.1	(25.9)	+50.6		
Net income	36.3	38.9	49.3	43.2	52.7	+45.2	51.8	+33.2	61.2	+24.1		
(% of Revenues)	23.5	23.4	26.1	24.4	29.4	-	27.5	-	29.4	-		
Attributable to												
Chugai shareholders	36.3	38.9	49.3	43.2	52.7	+45.2	51.8	+33.2	61.2	+24.1		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-		
Core earnings per share (diluted) (yen)	22.05	23.65	29.98	26.25	32.04	+45.3	31.47	+33.1	37.17	+24.0		

Please see page 1 "Reconciliation of IFRS results to Core results" for the detail of the adjustments.

Core earnings per share (diluted) (yen) : Net income attributable to Chugai shareholders / Weighted average number of shares in issue used to calculate diluted earnings per share.

Other financial income (expense) includes net amount of FX related gains/losses.

Effective July 1, 2020, Chugai Pharmaceutical Co., Ltd. ("Chugai") has implemented a three-for-one stock split of its common stock.

Core EPS presents the amount after the stock split.

Core results (YTD)

(Billions of yen)

	Actual	Actual					Actual								Forecast (Jan 30th announced)	
	FY2018	FY2019					FY2020								FY2020	
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)	
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		YTD		
Revenues	579.8	154.3	320.3	508.9	686.2	179.4	+16.3	368.1	+14.9	576.5	+13.3			740.0	+7.8	
Sales	527.8	137.7	282.4	440.5	588.9	144.5	+4.9	305.7	+8.3	464.8	+5.5			580.0	(1.5)	
Domestic	399.9	99.3	210.0	324.4	437.6	101.9	+2.6	204.6	(2.6)	303.2	(6.5)			411.6	(5.9)	
Overseas	127.9	38.4	72.4	116.0	151.3	42.6	+10.9	101.0	+39.5	161.6	+39.3			168.4	+11.3	
Royalties and other operating income	51.9	16.6	37.9	68.4	97.3	34.9	+110.2	62.5	+64.9	111.7	+63.3			160.0	+64.4	
Royalty and profit-sharing income	24.1	13.7	30.2	48.8	76.5	26.4	+92.7	53.5	+77.2	89.1	+82.6			141.0	+84.3	
Other operating income	27.9	2.9	7.6	19.6	20.8	8.5	+193.1	9.0	+18.4	22.6	+15.3			19.0	(8.7)	
Cost of sales	(261.9)	(63.7)	(127.5)	(201.3)	(265.1)	(61.0)	(4.2)	(131.2)	+2.9	(200.3)	(0.5)			(252.0)	(4.9)	
(% of Sales)	49.6	46.3	45.1	45.7	45.0	42.2	-	42.9	-	43.1	-			43.4	-	
Gross profit	317.9	90.6	192.7	307.5	421.1	118.5	+30.8	236.9	+22.9	376.2	+22.3			488.0	+15.9	
(% of Revenues)	54.8	58.7	60.2	60.4	61.4	66.1	-	64.4	-	65.3	-			65.9	-	
Operating expenses	(187.6)	(42.7)	(89.2)	(136.5)	(196.2)	(44.4)	+4.0	(93.2)	+4.5	(144.3)	+5.7			(213.0)	+8.6	
(% of Revenues)	32.4	27.7	27.8	26.8	28.6	24.7	-	25.3	-	25.0	-			28.8	-	
Marketing and distribution	(73.7)	(15.4)	(32.9)	(51.0)	(73.5)	(15.5)	+0.6	(32.3)	(1.8)	(49.0)	(3.9)					
(% of Revenues)	12.7	10.0	10.3	10.0	10.7	8.6	-	8.8	-	8.5	-					
Research and development	(94.2)	(23.6)	(47.9)	(72.0)	(102.1)	(25.0)	+5.9	(52.9)	+10.4	(82.2)	+14.2			(115.0)	+12.6	
(% of Revenues)	16.2	15.3	15.0	14.1	14.9	13.9	-	14.4	-	14.3	-			15.5	-	
General and administration	(19.7)	(3.7)	(8.4)	(13.5)	(20.6)	(3.9)	+5.4	(8.0)	(4.8)	(13.1)	(3.0)					
(% of Revenues)	3.4	2.4	2.6	2.7	3.0	2.2	-	2.2	-	2.3	-					
Operating profit	130.3	47.9	103.5	171.1	224.9	74.1	+54.7	143.7	+38.8	231.9	+35.5			275.0	+22.3	
(% of Revenues)	22.5	31.0	32.3	33.6	32.8	41.3	-	39.0	-	40.2	-			37.2	-	
Financing costs	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	0.0	(0.0)	(100.0)	(0.0)	(100.0)					
Other financial income (expense)	0.4	0.2	0.3	0.0	0.5	(0.6)	-	(0.2)	-	(1.0)	-					
Other expense	(3.2)	(0.8)	(1.5)	(2.2)	(3.1)	(0.5)	(37.5)	(0.9)	(40.0)	(1.1)	(50.0)					
Profit before taxes	127.5	47.2	102.3	168.8	222.2	72.9	+54.4	142.7	+39.5	229.7	+36.1					
(% of Revenues)	22.0	30.6	31.9	33.2	32.4	40.6	-	38.8	-	39.8	-					
Income taxes	(30.2)	(10.9)	(27.1)	(44.3)	(54.6)	(20.2)	+85.3	(38.2)	+41.0	(64.1)	+44.7					
Net income	97.3	36.3	75.1	124.5	167.6	52.7	+45.2	104.5	+39.1	165.6	+33.0			201.0	+19.9	
(% of Revenues)	16.8	23.5	23.4	24.5	24.4	29.4	-	28.4	-	28.7	-			27.2	-	
Attributable to																
Chugai shareholders	96.7	36.3	75.1	124.5	167.6	52.7	+45.2	104.5	+39.1	165.6	+33.0					
Non-controlling interests	0.6	-	-	-	-	-	-	-	-	-	-					
Weighted average number of shares in issue used to calculate diluted earnings per share (Millions of shares)	1,644	1,644	1,644	1,644	1,645	1,645	0.0	1,645	0.0	1,645	0.0					
Core earnings per share (diluted) (yen)	58.81	22.05	45.70	75.69	101.93	32.04	+45.3	63.51	+39.0	100.68	+33.0			122.00	+19.7	
Core payout ratio (%)	48.7				45.8									41.0	-	
Dividend per share (Full year) (yen)	86				140									-	-	
Dividend per share (Year end) (yen)	55				92									25	-	
Dividend per share (Half year) (yen)	31				48							75		75	-	

Please see page 1 "Reconciliation of IFRS results to Core results" for the detail of the adjustments.

Core earnings per share (diluted) (yen) : Net income attributable to Chugai shareholders / Weighted average number of shares in issue used to calculate diluted earnings per share.

Other financial income (expense) includes net amount of FX related gains/losses.

Effective July 1, 2020, Chugai Pharmaceutical Co., Ltd. ("Chugai") has implemented a three-for-one stock split of its common stock. Core EPS presents the amount after the stock split.

The dividend for the fiscal year ended December 31, 2018 and 2019 and the second quarter of the fiscal year 2020 presents the amount prior to the stock split.

The full-year dividends per share forecast is not stated because the amounts cannot be simply combined due to the implementation of the stock split.

When calculated based on the assumption of no stock split, the year-end dividend is ¥75 and the full-year dividend per share is ¥150.

Statements of revenues (QTR)

(Billions of yen)

	Actual FY2019				Actual FY2020							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Sales	137.7	144.7	158.0	148.4	144.5	+4.9	161.1	+11.3	159.1	+0.7		
Domestic	99.3	110.7	114.4	113.1	101.9	+2.6	102.7	(7.2)	98.6	(13.8)		
Oncology	52.0	62.5	65.1	60.8	54.7	+5.2	57.5	(8.0)	55.2	(15.2)		
Avastin	21.4	25.3	26.3	22.6	20.4	(4.7)	20.4	(19.4)	19.7	(25.1)		
Tecentriq	3.7	4.6	5.5	6.9	7.8	+110.8	8.8	+91.3	8.9	+61.8		
Perjeta	5.6	7.6	8.8	8.7	8.3	+48.2	8.4	+10.5	8.1	(8.0)		
Alecensa	4.9	6.2	6.1	5.8	5.6	+14.3	6.6	+6.5	6.4	+4.9		
Herceptin	6.2	7.4	6.8	6.4	4.5	(27.4)	4.1	(44.6)	3.7	(45.6)		
Kadcyla	2.0	2.4	2.4	2.2	2.1	+5.0	2.5	+4.2	2.6	+8.3		
Rituxan	3.1	3.3	2.8	2.7	1.9	(38.7)	1.8	(45.5)	1.8	(35.7)		
Gazyva	0.6	0.9	1.0	1.1	1.0	+66.7	1.0	+11.1	1.1	+10.0		
Xeloda	2.4	2.3	1.8	1.6	1.1	(54.2)	0.9	(60.9)	0.8	(55.6)		
Rozlytrek	-	-	0.0	0.0	0.0	-	0.1	-	0.1	-		
Other products	2.1	2.7	3.6	2.9	2.0	(4.8)	2.8	+3.7	2.1	(41.7)		
Bone and joint diseases	24.2	27.9	28.5	27.9	24.9	+2.9	25.6	(8.2)	22.2	(22.1)		
Actemra	9.0	10.8	11.2	10.8	9.5	+5.6	9.7	(10.2)	9.4	(16.1)		
Edirol	8.0	9.3	9.8	9.6	8.8	+10.0	9.5	+2.2	5.9	(39.8)		
Bonviva	2.3	2.5	2.4	2.4	2.1	(8.7)	2.1	(16.0)	2.3	(4.2)		
Other products	4.9	5.3	5.0	5.0	4.5	(8.2)	4.3	(18.9)	4.6	(8.0)		
Renal diseases	7.9	9.3	8.7	8.7	6.7	(15.2)	7.0	(24.7)	7.3	(16.1)		
Mircera	5.0	6.0	5.6	5.6	4.2	(16.0)	4.3	(28.3)	4.5	(19.6)		
Oxarol	1.6	1.8	1.7	1.8	1.4	(12.5)	1.6	(11.1)	1.6	(5.9)		
Other products	1.3	1.4	1.4	1.3	1.1	(15.4)	1.1	(21.4)	1.2	(14.3)		
Others	15.2	11.0	12.1	15.7	15.5	+2.0	12.7	+15.5	13.9	+14.9		
Hemlibra	2.7	6.3	7.8	8.4	7.9	+192.6	8.2	+30.2	8.4	+7.7		
CellCept	2.2	2.5	2.3	2.4	2.2	0.0	2.3	(8.0)	2.2	(4.3)		
Enspryng	-	-	-	-	-	-	-	-	0.3	-		
Tamiflu(Ordinary use)	4.7	0.1	(0.2)	2.7	0.6	(87.2)	0.0	(100.0)	0.0	-		
Tamiflu(Govt. stockpiles etc.)	3.2	-	0.1	-	2.6	(18.8)	-	-	0.3	+200.0		
Foundation Medicine	-	0.0	0.1	0.3	0.6	-	0.6	-	0.8	+700.0		
Other products	2.5	2.2	2.1	1.9	1.6	(36.0)	1.5	(31.8)	1.8	(14.3)		
Overseas	38.4	34.0	43.6	35.3	42.6	+10.9	58.4	+71.8	60.6	+39.0		
Actemra	25.3	18.2	23.7	21.1	24.1	(4.7)	36.5	+100.5	37.0	+56.1		
To Roche	24.9	17.7	23.2	20.6	23.5	(5.6)	35.9	+102.8	36.5	+57.3		
Alecensa	8.4	11.5	14.8	10.6	6.2	(26.2)	10.7	(7.0)	13.9	(6.1)		
To Roche	8.2	11.2	14.7	10.4	5.9	(28.0)	10.3	(8.0)	13.6	(7.5)		
Hemlibra	0.7	0.9	1.5	0.5	8.6	+1,128.6	7.9	+777.8	5.1	+240.0		
To Roche	0.7	0.9	1.5	0.2	8.2	+1,071.4	7.5	+733.3	4.7	+213.3		
Neutrogen	2.5	2.5	2.6	2.4	2.5	0.0	2.0	(20.0)	2.3	(11.5)		
Enspryng	-	-	-	-	0.1	-	0.3	-	1.1	-		
Other products	1.4	1.0	1.0	0.8	1.1	(21.4)	1.1	+10.0	1.1	+10.0		
Royalties and other operating income	16.6	21.3	30.5	28.9	34.9	+110.2	27.6	+29.6	49.3	+61.6		
Royalty and profit-sharing income	13.7	16.6	18.5	27.7	26.4	+92.7	27.1	+63.3	35.6	+92.4		
Other operating income	2.9	4.7	12.0	1.1	8.5	+193.1	0.5	(89.4)	13.6	+13.3		
Revenues	154.3	166.0	188.6	177.3	179.4	+16.3	188.7	+13.7	208.4	+10.5		
Domestic	99.3	111.8	118.7	114.2	109.5	+10.3	102.7	(8.1)	100.6	(15.2)		
Overseas	55.0	54.2	69.9	63.2	69.9	+27.1	86.0	+58.7	107.8	+54.2		

Statements of revenues (YTD)

(Billions of yen)

	Actual	Actual				Actual						Forecast (Jan 30th announced)			
	FY2018	FY2019				FY2020						FY2020			
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		YTD	
Sales	527.8	137.7	282.4	440.5	588.9	144.5	+4.9	305.7	+8.3	464.8	+5.5			580.0	(1.5)
Domestic	399.9	99.3	210.0	324.4	437.6	101.9	+2.6	204.6	(2.6)	303.2	(6.5)			411.6	(5.9)
Oncology	225.7	52.0	114.6	179.7	240.5	54.7	+5.2	112.2	(2.1)	167.4	(6.8)			228.8	(4.9)
Avastin	95.6	21.4	46.7	73.0	95.6	20.4	(4.7)	40.7	(12.8)	60.4	(17.3)			73.3	(23.3)
Tecentriq	9.1	3.7	8.2	13.7	20.6	7.8	+110.8	16.6	+102.4	25.5	+86.1			44.6	+116.5
Perjeta	16.1	5.6	13.2	22.0	30.7	8.3	+48.2	16.7	+26.5	24.8	+12.7			28.8	(6.2)
Alecensa	20.6	4.9	11.1	17.2	23.0	5.6	+14.3	12.3	+10.8	18.7	+8.7			24.8	+7.8
Herceptin	28.1	6.2	13.6	20.3	26.7	4.5	(27.4)	8.6	(36.8)	12.3	(39.4)			19.2	(28.1)
Kadcyla	8.5	2.0	4.4	6.8	9.0	2.1	+5.0	4.6	+4.5	7.1	+4.4			11.7	+30.0
Rituxan	21.3	3.1	6.4	9.2	11.9	1.9	(38.7)	3.7	(42.2)	5.5	(40.2)			6.3	(47.1)
Gazyva	0.6	0.6	1.5	2.5	3.6	1.0	+66.7	2.1	+40.0	3.2	+28.0			5.4	+50.0
Xeloda	12.5	2.4	4.7	6.4	8.0	1.1	(54.2)	2.0	(57.4)	2.8	(56.3)			3.1	(61.3)
Rozlytrek	-	-	-	0.0	0.0	0.0	-	0.1	-	0.2	-			1.0	-
Other products	13.2	2.1	4.8	8.4	11.3	2.0	(4.8)	4.9	+2.1	6.9	(17.9)			10.5	(7.1)
Bone and joint diseases	100.5	24.2	52.0	80.5	108.4	24.9	+2.9	50.5	(2.9)	72.7	(9.7)			90.1	(16.9)
Actemra	38.2	9.0	19.8	31.0	41.8	9.5	+5.6	19.1	(3.5)	28.6	(7.7)			38.2	(8.6)
Edirol	32.9	8.0	17.3	27.1	36.7	8.8	+10.0	18.3	+5.8	24.2	(10.7)			26.1	(28.9)
Bonviva	9.4	2.3	4.8	7.2	9.7	2.1	(8.7)	4.2	(12.5)	6.5	(9.7)			9.7	0.0
Other products	20.1	4.9	10.2	15.2	20.2	4.5	(8.2)	8.8	(13.7)	13.5	(11.2)			16.0	(20.8)
Renal diseases	36.3	7.9	17.2	25.9	34.6	6.7	(15.2)	13.7	(20.3)	21.0	(18.9)			24.7	(28.6)
Mircera	23.1	5.0	11.0	16.6	22.2	4.2	(16.0)	8.5	(22.7)	12.9	(22.3)			15.4	(30.6)
Oxarol	7.3	1.6	3.4	5.2	6.9	1.4	(12.5)	3.1	(8.8)	4.7	(9.6)			5.2	(24.6)
Other products	5.9	1.3	2.7	4.1	5.4	1.1	(15.4)	2.2	(18.5)	3.5	(14.6)			4.1	(24.1)
Others	37.5	15.2	26.2	38.4	54.1	15.5	+2.0	28.2	+7.6	42.1	+9.6			68.0	+25.7
Hemlibra	3.0	2.7	9.0	16.8	25.2	7.9	+192.6	16.1	+78.9	24.6	+46.4			42.1	+67.1
CellCept	9.0	2.2	4.6	6.9	9.3	2.2	0.0	4.5	(2.2)	6.7	(2.9)			8.4	(9.7)
Enspryng	-	-	-	-	-	-	-	-	-	0.3	-			0.9	-
Tamiflu(Ordinary use)	10.1	4.7	4.8	4.7	7.4	0.6	(87.2)	0.7	(85.4)	0.7	(85.1)			3.4	(54.1)
Tamiflu(Govt. stockpiles etc.)	0.5	3.2	3.2	3.2	3.2	2.6	(18.8)	2.6	(18.8)	3.0	(6.3)			3.2	0.0
Foundation Medicine	-	-	0.0	0.1	0.4	0.6	-	1.2	-	2.0	+1,900.0			4.5	+1,025.0
Other products	14.9	2.5	4.6	6.7	8.6	1.6	(36.0)	3.1	(32.6)	5.0	(25.4)			5.6	(34.9)
Overseas	127.9	38.4	72.4	116.0	151.3	42.6	+10.9	101.0	+39.5	161.6	+39.3			168.4	+11.3
Actemra	80.6	25.3	43.5	67.2	88.3	24.1	(4.7)	60.6	+39.3	97.6	+45.2			90.8	+2.8
To Roche	78.7	24.9	42.6	65.8	86.5	23.5	(5.6)	59.4	+39.4	96.0	+45.9			88.8	+2.7
Alecensa	29.5	8.4	19.9	34.8	45.3	6.2	(26.2)	16.8	(15.6)	30.7	(11.8)			39.0	(13.9)
To Roche	28.9	8.2	19.4	34.1	44.6	5.9	(28.0)	16.2	(16.5)	29.8	(12.6)			37.8	(15.2)
Hemlibra	2.3	0.7	1.6	3.1	3.6	8.6	+1,128.6	16.4	+925.0	21.5	+593.5			23.9	+563.9
To Roche	2.3	0.7	1.6	3.1	3.3	8.2	+1,071.4	15.7	+881.3	20.4	+558.1			23.0	+597.0
Neutrogin	11.1	2.5	5.0	7.6	9.9	2.5	0.0	4.5	(10.0)	6.8	(10.5)			9.1	(8.1)
Enspryng	-	-	-	-	-	0.1	-	0.4	-	1.6	-			1.6	-
Other products	4.4	1.4	2.4	3.4	4.2	1.1	(21.4)	2.2	(8.3)	3.4	0.0			4.0	(4.8)
Royalties and other operating income	51.9	16.6	37.9	68.4	97.3	34.9	+110.2	62.5	+64.9	111.7	+63.3			160.0	+64.4
Royalty and profit-sharing income	24.1	13.7	30.2	48.8	76.5	26.4	+92.7	53.5	+77.2	89.1	+82.6			141.0	+84.3
Other operating income	27.9	2.9	7.6	19.6	20.8	8.5	+193.1	9.0	+18.4	22.6	+15.3			19.0	(8.7)
Revenues	579.8	154.3	320.3	508.9	686.2	179.4	+16.3	368.1	+14.9	576.5	+13.3			740.0	+7.8
Domestic	421.5	99.3	211.2	329.9	444.0	109.5	+10.3	212.2	+0.5	312.8	(5.2)			421.3	(5.1)
Overseas	158.3	55.0	109.1	179.0	242.2	69.9	+27.1	155.9	+42.9	263.7	+47.3			318.6	+31.5

Financial position

(Billions of yen)

	Actual	Actual				Actual										
	FY2018	FY2019				FY2020										
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	vs. Mar. 31, 2018	vs. Dec. 31, 2018	Jun. 30	vs. Jun. 30, 2018	vs. Dec. 31, 2018	Sep. 30	vs. Sep. 30, 2018	vs. Dec. 31, 2018	Dec. 31	vs. Dec. 31, 2018
Trade accounts receivable	150.8	149.6	154.9	161.3	139.6	150.1	0.5	10.5	169.2	14.3	29.6	172.6	11.3	33.0		
Inventories	159.4	168.7	167.7	169.0	168.1	174.4	5.7	6.3	172.0	4.3	3.9	179.6	10.6	11.5		
Trade accounts payable	(35.9)	(54.9)	(44.8)	(55.0)	(47.7)	(51.3)	3.6	(3.6)	(44.7)	0.1	3.0	(45.2)	9.8	2.5		
Other net working capital	(39.1)	(19.1)	(33.1)	(35.8)	(22.9)	(21.5)	(2.4)	1.4	8.5	41.6	31.4	(18.4)	17.4	4.5		
Net working capital	235.1	244.3	244.6	239.4	237.2	251.6	7.3	14.4	305.0	60.4	67.8	288.5	49.1	51.3		
Property, plant and equipment	222.4	222.1	243.8	247.9	255.6	277.4	55.3	21.8	275.3	31.5	19.7	288.3	40.4	32.7		
Right-of-use assets	–	12.5	11.5	10.4	9.7	8.4	(4.1)	(1.3)	7.7	(3.8)	(2.0)	9.0	(1.4)	(0.7)		
Intangible assets	22.7	21.9	22.4	22.4	23.5	23.8	1.9	0.3	24.0	1.6	0.5	23.8	1.4	0.3		
Other long-term assets – net	25.1	27.9	27.7	28.0	21.0	24.9	(3.0)	3.9	24.4	(3.3)	3.4	24.1	(3.9)	3.1		
Long-term net operating assets	270.1	284.3	305.5	308.7	309.8	334.5	50.2	24.7	331.3	25.8	21.5	345.1	36.4	35.3		
Net operating assets	505.3	528.6	550.1	548.2	547.0	586.1	57.5	39.1	636.3	86.2	89.3	633.6	85.4	86.6		
Debt	(0.2)	–	–	–	–	–	–	–	–	–	–	–	–	–		
Marketable securities	102.5	111.5	111.9	109.1	129.1	134.0	22.5	4.9	94.1	(17.8)	(35.0)	136.1	27.0	7.0		
Cash and cash equivalents	146.9	125.8	149.2	177.0	203.9	138.7	12.9	(65.2)	196.6	47.4	(7.3)	182.7	5.7	(21.2)		
Net cash	249.2	237.4	261.0	286.2	333.1	272.7	35.3	(60.4)	290.7	29.7	(42.4)	318.8	32.6	(14.3)		
Other non-operating assets – net	2.1	(5.5)	(18.9)	(21.2)	(26.1)	(4.7)	0.8	21.4	(21.1)	(2.2)	5.0	(27.2)	(6.0)	(1.1)		
Net non-operating assets	251.3	231.8	242.1	265.0	307.0	268.0	36.2	(39.0)	269.6	27.5	(37.4)	291.7	26.7	(15.3)		
Total net assets	756.5	760.5	792.2	813.1	854.0	854.1	93.6	0.1	905.9	113.7	51.9	925.3	112.2	71.3		
Total net assets																
Total assets	919.5	932.2	986.6	1,025.3	1,058.9	1,045.6	113.4	(13.3)	1,072.1	85.5	13.2	1,136.1	110.8	77.2		
Total liabilities	(163.0)	(171.8)	(194.5)	(212.2)	(204.9)	(191.5)	(19.7)	13.4	(166.2)	28.3	38.7	(210.8)	1.4	(5.9)		
Attributable to																
Chugai shareholders	755.9	760.5	792.2	813.1	854.0	854.1	93.6	0.1	905.9	113.7	51.9	925.3	112.2	71.3		
Non-controlling interests	0.7	–	–	–	–	–	–	–	–	–	–	–	–	–		

Trade accounts receivable: trade receivable and notes receivable

Trade accounts payable: trade payable and notes payable

Other net working capital: accrued receivable (other receivable), accrued payable (other payable), accrued expenses (other current liabilities) etc.

Other long-term assets-net: long-term prepaid expenses, long-term provisions etc.

Other non-operating assets-net: deferred income tax assets, current income tax liabilities etc.

Net operating assets (NOA) and Net assets:

The consolidated balance sheet has been prepared in accordance with International Accounting Standards (IAS) No. 1, "Presentation of Financial Statements." On the other hand, Net operating assets (NOA) and Net assets are a reconfiguration of the consolidated balance sheet as internal indicators and are identical to the indicators disclosed by Roche. Furthermore, no items from Net operating assets (NOA) and Net assets of IFRS have been excluded, as the Core results concept only applies to the income statement.

Net operating assets (NOA):

Net operating assets allow for an assessment of the Group's operating performance of the business independently from financing and tax activities. Net operating assets are calculated as net working capital, long-term net operating assets that includes property, plant and equipment, right-of-use assets, intangible assets etc. minus provisions.

Cash flows

(Billions of yen)

	Actual	Actual				Actual			
	FY2018	FY2019				FY2020			
	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
Operating profit – IFRS basis	124.3	46.1	95.1	160.9	210.6	72.4	140.6	227.3	
Depreciation and impairment of property, plant and equipment	14.6	3.7	8.8	13.9	19.0	5.2	10.5	16.1	
Depreciation and impairment of right-of-use assets	–	1.5	3.0	4.6	6.0	1.5	2.8	4.2	
Amortization and impairment of intangible assets	6.8	2.1	3.7	4.4	5.3	0.9	1.6	2.3	
Other cash adjustment on operating profit	1.6	0.8	1.7	3.1	4.3	1.1	2.0	3.1	
Operating profit, net of operating cash adjustments	147.4	54.1	112.3	186.8	245.2	81.0	157.6	253.0	
(Increase) decrease in trade accounts receivable	(2.4)	1.2	(4.2)	(10.6)	11.1	(10.5)	(29.5)	(32.9)	
(Increase) decrease in inventories	14.2	(9.5)	(8.7)	(10.4)	(9.0)	(6.8)	3.6	6.4	
Increase (decrease) in trade accounts payable	(2.4)	18.9	9.0	19.3	11.8	3.7	(3.0)	(2.5)	
Change in other net working capital etc.	(4.8)	(13.2)	(23.2)	(19.8)	(7.7)	(21.2)	(32.4)	(27.1)	
Total (increase) decrease in net working capital etc.	4.5	(2.5)	(27.1)	(21.5)	6.2	(34.8)	(61.4)	(56.1)	
Investment in property, plant and equipment	(71.8)	(7.4)	(10.1)	(21.1)	(53.0)	(11.1)	(40.6)	(47.3)	
Lease liabilities paid	–	(2.2)	(4.5)	(6.6)	(8.9)	(2.1)	(4.2)	(6.3)	
Investment in intangible assets	(5.9)	(3.8)	(5.4)	(6.5)	(8.2)	(1.2)	(2.3)	(3.1)	
Operating free cash flows	74.3	38.3	65.3	131.0	181.4	31.8	49.0	140.3	
as % of revenues	12.8%	24.8%	20.4%	25.7%	26.4%	17.7%	13.3%	24.3%	
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	4.3	0.1	(0.8)	2.8	(0.9)	0.6	2.2	3.7	
Settlement for transfer pricing taxation	(3.2)	(0.8)	(1.5)	(2.2)	(3.1)	(0.5)	(0.9)	(1.1)	
Tax paid	(31.6)	(17.8)	(18.2)	(34.5)	(34.8)	(41.0)	(41.9)	(66.4)	
Free cash flows	43.7	19.7	44.7	97.1	142.6	(9.1)	8.4	76.4	
Dividends paid	(35.8)	(29.9)	(30.1)	(56.2)	(56.4)	(50.1)	(50.4)	(91.2)	
Transaction in own equity instruments	1.0	0.2	0.4	0.5	0.7	0.3	0.3	0.4	
Purchase of non-controlling interests	–	(1.7)	(2.3)	(2.3)	(2.3)	–	–	–	
Net effect of currency translation on net cash	(2.5)	(0.2)	(0.8)	(2.1)	(0.8)	(1.4)	(0.8)	0.2	
Net change in net cash	6.4	(11.8)	11.8	37.0	83.9	(60.4)	(42.4)	(14.3)	

Other cash adjustment on operating profit: adjustments for all non-cash income and expense items other than amortization expenses and impairment included in operating profit (such as loss on inventory differences, reserve for doubtful accounts, stock option expenses, loss on asset retirement, and increase/decrease in reserves) as well as all non-operating income and expense cash flows relating to net operating assets (NOA) (including proceeds from the sales of assets and reserve payments).

Operating free cash flow (Operating FCF): pretax cash flow after adjusting changes in working capital and operating investments in assets (tangible and intangible) to “operating profit, net of operating cash adjustments,” which shows the company’s cash generation ability from operating activities.

Free cash flow (FCF): the ability to generate net cash from a management perspective after deducting tax, dividends, and other payments from operating FCF.

Net change in net cash: dividends paid, increases and decreases in marketable securities and interest-bearing debt, changes in equity are included.

The concepts of operating profit, operating FCF and Net operating assets (NOA) presented in the previous page are mutually consistent.

Free cash flow (FCF):

The consolidated statement of cash flows has been prepared in accordance with International Accounting Standard (IAS) No. 7, “Statement of Cash Flows.” FCF is a reconfiguration of the consolidated statement of cash flows as internal indicators and is identical to the indicators disclosed by Roche. Furthermore, no items from FCF have been excluded, as the Core results concept only applies to the income statement.

Key Performance indicators

	Units	Actual	Actual				Actual				Forecast (Jan 30th announced)
		2018	2019				2020				2020
		1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12
		As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Dec. 31
Total indicator											
Core return on invested capital (Core ROIC)	%	21.2	7.0	14.3	23.7	31.9	9.5	17.8	28.4		
Return on invested capital (ROIC)	%	20.3	6.8	13.2	22.4	30.1	9.3	17.5	27.9		
Ratio of profit to total assets (ROA)	%	10.5	3.8	7.2	12.0	15.8	4.9	9.6	14.8		
Ratio of equity attributable to Chugai shareholders	%	82.2	81.6	80.3	79.3	80.6	81.7	84.5	81.4		
Ratio of equity attributable to Chugai shareholders (stock price base)	%	379.7	446.8	390.6	448.5	521.2	654.7	883.9	682.2		
Price book value ratio (PBR)	times	4.6	5.5	4.9	5.7	6.5	8.0	10.5	8.4		
Ratio of net income to equity attributable to Chugai shareholders (ROE)	%	12.8	4.6	8.9	15.0	19.6	6.0	11.6	18.3		
Margin indicator											
ROS	%	22.5	31.0	32.3	33.6	32.8	41.3	39.0	40.2	37.2	
COS ratio (vs. Prod. sales)	%	49.6	46.3	45.1	45.7	45.0	42.2	42.9	43.1	43.4	
M&D cost ratio	%	12.7	10.0	10.3	10.0	10.7	8.6	8.8	8.5		
R&D cost ratio	%	16.2	15.3	15.0	14.1	14.9	13.9	14.4	14.3	15.5	
G&A cost ratio	%	3.4	2.4	2.6	2.7	3.0	2.2	2.2	2.3		
Turn over indicator											
Total asset turnover	%	65.4	16.5	33.4	51.9	68.9	17.1	34.5	52.5		
Working capital turnover	%	122.6	29.4	59.9	95.3	128.7	31.7	62.2	97.7		
Inventory turnover	Months	7.3	7.9	7.9	7.5	7.6	8.5	7.8	8.0		
Receivables turnover	Months	3.4	3.3	3.3	3.3	2.8	3.1	3.3	3.3		
Payables turnover	Months	1.6	2.6	2.1	2.5	2.2	2.5	2.0	2.0		
Fixed asset turnover	%	264.9	59.8	119.1	188.2	250.0	60.0	123.6	189.1		
PP&E turnover	%	294.3	69.5	137.5	216.5	287.3	67.3	138.7	212.0		
Intangible assets turnover	%	2,648.9	692.3	1,419.3	2,256.5	2,968.0	757.7	1,548.1	2,436.2		
Dividend / per stock indicator											
Dividends per share (Half year)	Yen	31				48				75	
Dividends per share (Year end)	Yen	55				92				25	
Dividends per share (Full year)	Yen	86				140				-	
Core earnings per share (diluted)	Yen	58.81	22.05	45.70	75.69	101.93	32.04	63.51	100.68	122.00	
Core payout ratio (%)	%	48.7				45.8				41.0	
Equity per share attributable to Chugai shareholders (BPS)	Yen	460.42	463.15	482.38	495.10	519.91	519.90	551.13	562.88		
Ratio of dividends to equity attributable to Chugai shareholders (DOE)	%	6.5				9.5					
Cashflow indicator											
Cash conversion cycle (CCC)	Months	9.1	8.6	9.1	8.4	8.3	9.1	9.1	9.4		
Net cash turnover period	Months	5.2	4.6	4.9	5.1	5.8	4.6	4.7	5.0		
Number of employees		7,432	7,411	7,531	7,384	7,394	7,400	7,536	7,559		
Investment on property, plant and equipment	Billions of yen	71.8	3.7	30.8	40.4	54.0	27.3	38.7	67.9	72.5	
Depreciation	Billions of yen	14.6	3.7	7.6	12.7	17.8	5.2	10.5	16.1	21.0	
Investment on intangible assets	Billions of yen	8.5	1.2	3.5	4.1	6.1	1.1	2.1	2.5		
Amortization	Billions of yen	2.0	0.6	1.2	1.9	2.6	0.7	1.5	2.2		

Core ROIC: Core net operating profit after taxes / Net operating assets (Core ROIC is calculated by using Core Income taxes)

ROIC: Net operating profit after taxes / Net operating assets (Net operating profit after taxes = Operating profit - income taxes)

ROA: Net income / total assets, ROE: Net income attributable for Chugai shareholders / Equity attributable to Chugai shareholders

Total asset turnover: Revenues / Total asset, CCC: [Trade accounts receivable/Sales + (Inventories - Trade accounts payable)/Cost of sales]* passed months

Net cash turnover period: Net cash/Revenue* passed months

Core ROIC, ROIC, ROA, ROE, total asset turnover, working capital turnover, fixed asset turnover, PP&E turnover, and intangible assets turnover are not annualized

The Adjusted figures are used for calculating average NOA for Core ROIC and ROIC

Effective July 1, 2020, Chugai Pharmaceutical Co., Ltd. ("Chugai") has implemented a three-for-one stock split of its common stock.

The dividend for the fiscal year ended December 31, 2018 and 2019 and the second quarter of the fiscal year 2020 presents the amount prior to the stock split.

The full-year dividends per share forecast is not stated because the amounts cannot be simply combined due to the implementation of the stock split.

When calculated based on the assumption of no stock split, the year-end dividend is ¥75 and the full-year dividend per share is ¥150.

Core EPS, BPS and DOE presents the amount after the stock split.

Development pipeline (as of October 22, 2020)

Development code	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Oncology</u>					
RG7446	Hepatocellular carcinoma #	Approved (20/09)	atezolizumab Tecentriq Injection	Roche Tecentriq	Engineered anti-PD-L1 monoclonal antibody
	NSCLC (adjuvant) #	Phase III			
	NSCLC (neoadjuvant) #	Phase III			
	NSCLC (stage III) #	Phase III (in combination with RG6058)			
	Urothelial carcinoma #	Phase III			
	Renal cell carcinoma (adjuvant) #	Phase III			
	Renal cell carcinoma (2nd Line) #	Phase III (in combination with cabozantinib)		Roche Tecentriq (Takeda)	
	Early breast cancer #	Phase III		Roche Tecentriq	
	Ovarian cancer #	Phase III			
	Hepatocellular carcinoma (adjuvant) #	Phase III			
	Head and neck carcinoma (adjuvant) #	Phase III			
	Esophageal cancer #	Phase III (in combination with RG6058)			
RG3502	Breast cancer (adjuvant) #	Approved (20/08)	trastuzumab emtansine Kadcyla Injection	Roche Kadcyla	Anti-HER2 antibody-tubulin polymerization inhibitor conjugate

Development code	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG435	Hepatocellular carcinoma #	Approved (20/09) (in combination with RG7446)	bevacizumab Avastin Injection	Roche Avastin	Anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Hepatocellular carcinoma (adjuvant) #	Phase III (in combination with RG7446)			
	Small cell lung cancer (SCLC) #	Phase III (in combination with RG7446)			
RG7596	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)	Filed (20/06)	polatuzumab vedotin Injection	Roche/Seattle Genetics Polivy	Anti-CD79b antibody-drug conjugate
	Diffuse large B-cell lymphoma (DLBCL)	Phase III			
RG7440	Prostate cancer	Phase III	ipatasertib Oral	Roche/Array BioPharma	AKT inhibitor
	Breast cancer	Phase III			
RG6264	Breast cancer (Fixed-dose combination, subcutaneous injection)	Phase III	trastuzumab/pertuzumab Herceptin/Perjeta Injection	Roche Phesgo	Anti-HER2 humanized monoclonal antibody/ HER2 dimerization inhibitory humanized monoclonal antibody
AF802 / RG7853	NSCLC (adjuvant) #	Phase III	alectinib Alecensa Oral	In-house Alecensa (Roche)	ALK inhibitor
RG6058	SCLC	Phase III (in combination with RG7446)	tiragolumab Injection	Roche	Anti-TIGIT human monoclonal antibody
	NSCLC	Phase III (in combination with RG7446)			
	NSCLC (stage III)	Phase III (in combination with RG7446)			
	Esophageal cancer	Phase III (in combination with RG7446)			

Development code	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG6171	Breast cancer	Phase III	Oral	Roche	SERD (Selective Estrogen Receptor Degradar)
OBP-301	Esophageal cancer	Phase II	Injection	Oncolys BioPharma	Oncolytic type 5 adenovirus
GC33	Hepatocellular carcinoma	Phase I	codrituzumab Injection	In-house	Anti-Glypican-3 humanized monoclonal antibody
ERY974	Solid tumors	Phase I	Injection	In-house	Anti-Glypican-3/CD3 bispecific antibody
RG7421	Solid tumors	Phase I	cobimetinib Oral	Roche/Exelixis Cotellic	MEK inhibitor
RG7802	Solid tumors	Phase I	cibisatamab Injection	Roche	Anti-CEA/CD3 bispecific antibody
RG7828	Hematologic tumors	Phase I	mosunetuzumab Injection	Roche	Anti-CD20/CD3 bispecific antibody
RG6026	Hematologic tumors	Phase I	glofitamab Injection	Roche	Anti-CD20/CD3 bispecific antibody
RG7461	Solid tumors	Phase I	Injection	Roche	Anti-FAP humanized antibody-engineered IL-2 variant fusion protein
AMY109	Solid tumors	Phase I	Injection	In-house	-
STA551	Solid tumors	Phase I	Injection	In-house	Anti-CD137 agonistic Switch antibody
SPYK04	Solid tumors	Phase I	Oral	In-house	-

Development code	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Bone and Joint Diseases</u>					
ED-71	Osteoporosis	Filed (18/02) China	eldecalcitol Edirol Oral	In-house	Activated vitamin D ₃ agent
NRD101	Knee osteoarthritis /Shoulder periarthritis	Phase III China	purified sodium hyaluronate Suvenyl Injection	In-house	Sodium hyaluronate
<u>Renal Diseases</u>					
EOS789	Hyperphosphatemia	Phase I	Oral	In-house	-
<u>Autoimmune Diseases</u>					
RG7845	Rheumatoid arthritis	Phase I	fenebrutinib Oral	Roche	BTK inhibitor
RG7880	Inflammatory bowel disease	Phase I	Injection	Roche	Human IL-22 fusion protein
<u>Neurology</u>					
SA237 / RG6168	Neuromyelitis optica spectrum disorder (NMOsD)	Launched (20/08) Japan	satralizumab Enspryng Injection	In-house Enspryng (Roche)	pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody
		Approved (20/08) US			
		Filed (19/08) EU			
RG7916	Spinal muscular atrophy (SMA)	Filed (20/10)	risdiplam Oral	Roche/PTC Therapeutics Evrysdi	SMN2 splicing modifier
RG1450	Alzheimer's disease	Phase III	gantenerumab Injection	Roche/MorphoSys	Anti-amyloid-beta human monoclonal antibody
RG6042	Huntington's disease	Phase III	tominersen	Roche/Ionis Pharmaceuticals	Antisense oligonucleotide targeting <i>HTT</i> mRNA

Development code	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
			Injection		
RG7906	Schizophrenia	Phase II	ralmitaront Oral	Roche	Partial TAAR1 agonist
RG7935	Parkinson's disease	Phase I	prasinezumab Injection	Roche/Prothena	Anti- α -synuclein monoclonal antibody
GYM329 / RG6237	Neuromuscular disease	Phase I	Injection	In-house (Roche)	Anti-latent myostatin sweeping antibody
RG6100	Alzheimer's disease	Phase I	semorinemab injection	Roche/AC Immune	Anti-tau humanized monoclonal antibody
Other diseases					
MRA / RG1569	COVID-19 pneumonia #	Phase III* Japan	tocilizumab Actemra Injection	In-house Actemra/RoActemra (EU)	Humanized anti-human IL-6 receptor monoclonal antibody
RG7716	Diabetic macular edema	Phase III	faricimab	Roche	Anti-VEGF/Ang2 bispecific antibody
	Neovascular age related macular degeneration (nAMD)	Phase III	Injection		
ACE910 / RG6013	Acquired hemophilia A #	Phase III Japan	emicizumab Hemlibra Injection	In-house Hemlibra	Anti-coagulation factor IXa/X humanized bispecific monoclonal antibody
SKY59 / RG6107	Paroxysmal nocturnal hemoglobinuria (PNH)	Phase III	crovalimab Injection	In-house (Roche)	Anti-C5 recycling antibody
NXT007	Hemophilia A	Phase I/II	Injection	In-house	Anti-coagulation factor IXa/X bispecific antibody
PCO371	Hypoparathyroidism	Phase I	Oral	In-house	PTH1 receptor agonist
AMY109	Endometriosis	Phase I	Injection	In-house	-

In principle, completion of first dose is regarded as the start of clinical studies in each phase. * Roche is conducting global Phase III studies of Actemra/RoActemra against COVID-19 pneumonia separately.

Changes from the last announcement on July 27, 2020Oncology

- RG7446 Filed (Hepatocellular carcinoma) → Approved
- RG7446 Phase III (stage III NSCLC / in combination with RG6058: development started)
- RG7446 Phase III (Renal cell carcinoma (2nd Line) / in combination with cabozantinib: development started)
- RG7446 Phase III (Esophageal cancer / in combination with RG6058: development started)
- RG3502 Filed (Breast cancer (adjuvant)) → Approved
- RG435 Filed (Hepatocellular carcinoma) → Approved
- RG6058 Phase III (stage III NSCLC / in combination with RG7446: development started)
- RG6058 Phase III (Esophageal cancer / in combination with RG7446: development started)
- RG6171 Phase I (Breast cancer) → Phase III
- SPYK04 Phase I (Solid tumors: development started)

Neurology

- SA237/RG6168 Approved (Neuromyelitis optica spectrum disorder) → Launched (Japan)
- SA237/RG6168 Filed (Neuromyelitis optica spectrum disorder) → Approved (US)
- RG7916 Phase II/III (Spinal muscular atrophy) → Filed

Other diseases

- SKY59/RG6107 Phase I/II (Paroxysmal nocturnal hemoglobinuria) → Phase III

R&D Activities

For the changes during the third quarter of FY2020 (January 1 – September 30), please refer to page 5 of “CONSOLIDATED FINANCIAL STATEMENTS (IFRS) (Non-Audited) (for the third quarter of the fiscal year 2020).”

Changes from October 1 to 22, 2020 are as follows:

Oncology

- We started Phase III study for the SERD (Selective Estrogen Receptor Degradar) RG6171 for the treatment of breast cancer in October 2020.

Neurology

- We filed SMN2 splicing modifier RG7916 for the treatment of spinal muscular atrophy in October 2020.

Major Chugai originated developments licensed out to 3rd party excluding Roche

Development code in Chugai	Indication	Stage	Generic name Product name Dosage form	Licensee (granted right)	Mode of Action
CIM331	Atopic dermatitis	Filled (20/Q3) (domestic)	nemolizumab Injection	Maruho (rights for development and marketing in the skin disease area for the Japanese market)	Anti-IL-31 receptor A humanized monoclonal antibody
		Phase III (global)		Galderma (exclusive global license for the development and marketing excluding Japan and Taiwan)	
	Prurigo nodularis	Phase II (global)		Galderma (exclusive global license for the development and marketing excluding Japan and Taiwan)	
OWL833	Type 2 diabetes	Phase I	Oral	Eli Lilly and Company (worldwide development and commercialization rights)	Oral non-peptidic GLP-1 receptor agonist

Major clinical trials in oncology field

Treatment	Expected Indication	Study design	Study name	Stage	Planned filing year
RG7446 (Tecentriq)	NSCLC [1st line]	PD-L1 positive: Tecentriq vs. chemo	IMpower110	Phase III	-
		TMB* positive: Tecentriq vs. chemo	B-FAST	Phase II/III	
		PD-L1 positive: Tecentriq ± RG6058	SKYSCRAPER-01	Phase III	
	NSCLC [stage III]	Tecentriq + RG6058 vs. durvalumab	SKYSCRAPER-03	Phase III	2023 and beyond
	NSCLC [2nd line]	Tecentriq + cabozantinib vs. docetaxel	CONTACT-01	Phase III	2023 and beyond
	NSCLC (neoadjuvant)	Chemo ± Tecentriq	IMpower030	Phase III	2023 and beyond
	NSCLC (adjuvant)	Tecentriq vs. best supportive care	IMpower010	Phase III	2022
	SCLC	Tecentriq + chemo ± Avastin	BEAT-SC	Phase III*	2023 and beyond
		Tecentriq + chemo ± RG6058	SKYSCRAPER-02	Phase III	2022
	Urothelial carcinoma (UC)	Tecentriq ± chemo vs. chemo	IMvigor130	Phase III	2020
	Renal cell carcinoma (adjuvant)	Tecentriq	IMmotion010	Phase III	2022
	Renal cell carcinoma [2nd line]	cabozantinib ± Tecentriq	CONTACT-03	Phase III	2023 and beyond
	Breast cancer	TNBC**: paclitaxel ± Tecentriq	IMpassion131	Phase III	-
	Early breast cancer	TNBC** (adjuvant): paclitaxel ± Tecentriq	IMpassion030	Phase III	2021
		TNBC (neoadjuvant): nab-paclitaxel ± Tecentriq	IMpassion031	Phase III	
		HER2+ (neoadjuvant): Herceptin + Perjeta + chemo ± Tecentriq	IMpassion050	Phase III	
Ovarian cancer	carboplatin + paclitaxel + Avastin ± Tecentriq	IMagyn050	Phase III	2020	
Hepatocellular carcinoma (adjuvant)	Tecentriq + Avastin vs. active surveillance	IMbrave050	Phase III	2022	
Head and neck carcinoma (adjuvant)	Tecentriq	IMvoke010	Phase III	2022	
Esophageal cancer	Tecentriq + RG6058 vs. Tecentriq vs. placebo	SKYSCRAPER-07	Phase III	2023 and beyond	
RG7440 (ipatasertib)	Prostate cancer	castration-resistant: abiraterone ± RG7440	IPATential150	Phase III	2021
	Breast cancer	TNBC: paclitaxel ± RG7440 HR positive: paclitaxel ± RG7440	IPATunity130	Phase III	2020
		fulvestrant + palbociclib ± RG7440	IPATunity150	Phase Ib/III	
		PD-L1 negative TNBC: paclitaxel ± Tecentriq ± RG7440 PD-L1 positive TNBC: paclitaxel + Tecentriq ± RG7440	IPATunity170	Phase III	
RG7596 (polatuzumab vedotin)	r/r DLBCL	Rituxan + bendamustine + RG7596	P-DRIVE	Phase II*	Filed
	DLBCL	Rituxan + Chemo ± RG7596	POLARIX	Phase III	2021
RG6264	Breast cancer	RG6264 (SC) + chemo vs. Herceptin (IV) + Perjeta (IV) + chemo	FeDeriCa	Phase III	2021
AF802, Alecensa	NSCLC (adjuvant)	ALK fusion-positive: Alecensa vs. chemo	ALINA	Phase III	2023 and beyond
RG6171 / SERD	Breast cancer	HR positive: RG6171 + palbociclib ± Letrozole	-	Phase III	2023 and beyond
OBP-301	Esophageal cancer	OBP-301 + radiotherapy	-	Phase II*	2022

*TMB: tumor mutational burden, TNBC: triple negative breast cancer, HR: hormone receptor, *: domestic

FoudationOne CDx Cancer Genomic Profile: companion diagnostic indications (as of October 22, 2020)

Alterations	Cancer type	Relevant drugs
Activated EGFR gene alterations	Non-small cell lung cancer (NSCLC)	afatinib dimaleate, erlotinib hydrochloride, gefitinib, osimertinib mesylate
<i>EGFR</i> exon 20 T790M alterations		osimertinib mesylate
<i>ALK</i> fusion genes		alectinib hydrochloride, crizotinib, ceritinib
<i>ROS1</i> fusion genes		entrectinib
<i>MET</i> exon 14 skipping alterations		capmatinib hydrochloride hydrate
<i>BRAF</i> V600E and V600K alterations	Malignant melanoma	dabrafenib mesylate, trametinib dimethyl sulfoxide, vemurafenib
<i>ERBB2</i> copy number alterations (<i>HER2</i> gene amplification positive)	Breast cancer	trastuzumab (genetical recombination)
<i>KRAS/NRAS</i> wild-type	Colorectal cancer	cetuximab (genetical recombination), panitumumab (genetical recombination)
<u><i>NTRK1/2/3</i> fusion gene</u>	Solid tumors	entrectinib, <u>larotrectinib</u>
<i>BRCA1/2</i> alterations	Ovarian cancer	olaparib
<u><i>HRR</i>-related gene alterations</u>	Prostate cancer	<u>olaparib</u>
<u><i>FGFR2</i> fusion genes</u>	Cholangiocarcinoma	<u>pemigatinib</u>

* Underlined are the companion diagnostic features and relevant drugs currently under application for regulatory approval